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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-083]

Certain Steel Wheels from the People's Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that producers and exporters of certain steel wheels from the People's Republic of China (China) received countervailable subsidies as provided in section 705 of the Tariff Act of 1930, as amended (the Act) during the period of investigation (POI), January 1, 2017, through December 31, 2017.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Chien-Min Yang or Myrna Lobo, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-5484 or (202) 482-2371, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 31, 2018, Commerce published in the *Federal Register* the preliminary affirmative determination of this investigation.¹ A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues

¹ See *Certain Steel Wheels from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 44673 (August 31, 2018) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum.

raised by parties for this final determination, may be found in the Issues and Decision Memorandum.² A list of topics included in the Issues and Decision Memorandum is included as Appendix II to this notice.

The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

Period of Investigation

The POI is January 1, 2017, through December 31, 2017.

Scope Comments

In accordance with the preamble to Commerce's regulations,³ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope), and states "if a party subsequently finds that additional factual information pertaining to the scope of the investigation may be relevant, the party may contact Commerce and request permission to submit the additional information."⁴ No issue was raised regarding the scope as it appeared in the *Initiation Notice* during the time period provided for scope comments. On

² See Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Steel Wheels from the People's Republic of China," dated concurrently with this determination and hereby adopted by this notice (Issues and Decision Memorandum).

³ See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁴ See *Certain Steel Wheels from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 17794 (April 24, 2018) (*Initiation Notice*).

December 11, 2018, the petitioners⁵ requested that Commerce permit them to submit additional factual information for the final scope determination to ensure any orders resulting from this investigation would effectively provide relief from unfairly-traded imports.⁶ In response, Commerce provided the petitioners an opportunity to submit new factual information and comments relating the scope. Commerce also provided interested parties an opportunity to submit comments and factual information intended to rebut, clarify or correct the petitioners' new factual information.⁷ On December 19, 2018, the petitioners submitted comments on the scope of the investigation.⁸ On February 4, 2019, Xiamen Sunrise⁹ and Zhejiang Jingu Company Limited (Zhejiang Jingu) each submitted rebuttal comments pertaining to the petitioners' scope comments.¹⁰ After considering comments and supporting factual information, Commerce is modifying the scope language as it appeared in the *Initiation Notice*. For further discussion, see Issues and Decision Memorandum.

⁵ The petitioners are Accuride Corporation and Maxon Wheels Akron LLC (collectively, the petitioners).

⁶ See Letter from the petitioners, "Certain Steel Wheels from China (C-570-083) – Petitioners' Request to Submit Additional Factual Information Relevant to Scope," dated December 11, 2018.

⁷ See Memorandum, "Certain Steel Wheels from the People's Republic of China: Opportunity to Submit Factual Information and Comments Pertaining to the Scope of Investigations," dated December 14, 2018.

⁸ See Petitioners' Letter, "Certain Steel Wheels from the People's Republic of China (A-570-082, C-570-083) – Petitioners' Request for Clarification of the Scope of the Investigations and Submission of Additional Factual Information Relevant to Scope," dated December 19, 2018 (Petitioners' Scope Comments).

⁹ Xiamen Sunrise Wheel Group Co., Ltd. ("Xiamen Sunrise"), Xiamen Sunrise Wheel Co., Ltd. ("Sunrise Wheel"), Xiamen Sunrise Metal Co., Ltd. ("Sunrise Metal"), Sichuan Sunrise Metal Industry Co., Ltd. ("Sichuan Sunrise"), and Xiamen Topu Import & Export Co., Ltd. ("Topu") (collectively, "Xiamen Sunrise")

¹⁰ See Xiamen Sunrise's Letter, "Certain Steel Wheels from the People's Republic of China: Response to Petitioners' Request for Clarification of the Scope of the Investigations and Submission of Additional Factual Information Relevant to Scope," dated February 4, 2019 (Xiamen Sunrise's Scope Rebuttal); see also Zhejiang Jingu's Letter, "Antidumping and Countervailing Duty Investigations of Certain Steel Wheels from the People's Republic of China: Response to Petitioners' Request for Clarification of Scope of Investigations," dated February 4, 2019 (Zhejiang Jingu's Scope Rebuttal).

Scope of the Investigation

The merchandise covered by this investigation is certain steel wheels from China. For a complete description of the scope of this investigation, *see* Appendix I.

Use of Adverse Facts Available (AFA)

Commerce relied on “facts otherwise available,” including adverse facts available (AFA), for several findings in the *Preliminary Determination*. For this final determination, we are basing the countervailing duty (CVD) rates for Xiamen Sunrise Wheel Group Co., Ltd. (Xiamen Sunrise)¹¹ and Zhejiang Jingu Company Limited (Zhejiang Jingu)¹² on facts otherwise available, with an adverse inference, pursuant to sections 776(a) and (b) of the Act. For a full discussion of AFA, *see* the Issues and Decision Memorandum.¹³

Affirmative Determination of Critical Circumstances, in Part

We find that the Government of China bestowed countervailable subsidies inconsistent with the Subsidies and Countervailing Measures Agreement (SCM) to steel wheel producers pursuant to section 705(a)(2)(A) of the Act. Furthermore, we also find that there have been massive imports of the subject merchandise over a relatively short period pursuant to section 705(a)(2)(B) of the Act and section 776(a)-(b) of the Act with respect to Xiamen Sunrise and Zhejiang Jingu. Therefore, Commerce has determined that critical circumstances exist with respect to Xiamen Sunrise and Zhejiang Jingu, and that critical circumstances do not exist with

¹¹ As discussed in the Issues and Decision Memorandum, Commerce has assigned Xiamen Sunrise Wheel Group Co., Ltd.’s rate to each of the entities named as cross-owned in its affiliation questionnaire response: Xiamen Sunrise Wheel Co., Ltd., Xiamen Sunrise Metal Co., Ltd., Xiamen Topu Import & Export Co., Ltd. and Sichuan Sunrise Metal Industry Co., Ltd.

¹² As discussed in the Issues and Decision Memorandum, Commerce has assigned Zhejiang Jingu Company Limited’s rate to each of the entities named as cross-owned in its affiliation questionnaire response: Shanghai Yata Industry Company Limited; Shangdong Jingu Auto Parts Co., Ltd.; Chengdu Jingu Wheel Co., Ltd.; and An’Gang Jingu (Hangzhou) Metal Materials Co., Ltd.

¹³ *See* Issues and Decision Memorandum.

respect to all other producers or exporters of steel wheels from China. For further information on Commerce's critical circumstances analysis, *see* the Issues and Decision Memorandum.¹⁴

All-Others Rate

In accordance with section 705(c)(5)(A) of the Act, Commerce shall determine an estimated all-others rate for companies not individually examined. Generally, under section 705(c)(5)(A)(i) of the Act, this rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely on AFA under section 776 of the Act. However, section 705(c)(5)(A)(ii) of the Act provides that, where all countervailable subsidy rates established for the mandatory respondents are zero, *de minimis*, or based entirely on facts available, Commerce may use "any reasonable method" for assigning an all-others rate, including "averaging the estimated weighted-average countervailable subsidy rates determined for the exporters and producers individually investigated." In this investigation, all rates for the individually-investigated respondents are based entirely on facts available, pursuant to section 776 of the Act. Accordingly, we find under "any reasonable method" to rely on a simple average of the total AFA rates computed for Xiamen Sunrise and Zhejiang Jingu as the "all-others" rate in this final determination, particularly as there is no other information on the record that can be used to determine the all-others rate. For further information on the all-others rate, *see* the Issues and Decision Memorandum.¹⁵

Analysis of Comments Received

¹⁴ *See* Issues and Decision Memorandum at Comment 4.

¹⁵ *Id.* at Comment 3.

A list of issues which the petitioners raised in its case brief, as well as in the petitioners' scope comments,¹⁶ along with Sunrise's and Zhejiang Jingu's rebuttal comments,¹⁷ to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

Final Determination

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we established individual estimated countervailable subsidy rates for Sunrise Wheel Group Co., Ltd. and its cross-owned affiliates (Xiamen Sunrise), and Zhejiang Jingu Company Limited and its cross-owned affiliates (Zhejiang Jingu).

Company	Subsidy Rate
Xiamen Sunrise Wheel Group Co., Ltd. ¹⁸	457.10 percent
Zhejiang Jingu Company Limited ¹⁹	457.10 percent
All-Others	457.10 percent

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with its final determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). However, in this investigation, no individually examined companies participated in the investigation, and Commerce has applied total AFA to all producers and exporters, including the China-wide entity, in accordance with section 776 of the Act. The

¹⁶ See Petitioners' Scope Comments.

¹⁷ See Sunrise's Scope Rebuttal; *see also* Zhejiang Jingu's Scope Rebuttal.

¹⁸ Commerce assigned Xiamen Sunrise Wheel Group Co., Ltd.'s rate to each of the entities named as cross-owned in its affiliation questionnaire response: Xiamen Sunrise Wheel Co., Ltd., Xiamen Sunrise Metal Co., Ltd., Xiamen Topu Import & Export Co., Ltd. and Sichuan Sunrise Metal Industry Co., Ltd.

¹⁹ Commerce assigned Zhejiang Jingu Company Limited's rate to each of the entities named as cross-owned in its affiliation questionnaire response: Shanghai Yata Industry Company Limited; Shangdong Jingu Auto Parts Co., Ltd.; Chengdu Jingu Wheel Co., Ltd.; and An'Gang Jingu (Hangzhou) Metal Materials Co., Ltd.

applied AFA rates applied to each program are discussed in the Issues and Decision Memorandum at Appendix I. Therefore, there are no calculations to disclose to interested parties.

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of merchandise under consideration from China that were entered or withdrawn from warehouse, for consumption, on or after August 31, 2018, the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after December 29, 2018, but to continue the suspension of liquidation of all entries from August 31, 2018, through December 28, 2018.

Further, because Commerce has determined that critical circumstances exist with respect to Xiamen Sunrise and Zhejiang Jingu, we will instruct CBP to suspend liquidation of entries of subject merchandise entered, or withdrawn from warehouse, for consumption on or after June 2, 2018, which is 90 days prior to the date of publication of the *Preliminary Determination* in the *Federal Register*.

If the U.S. International Trade Commission (the ITC) issues a final affirmative injury determination, we will issue a CVD order and will reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs for such entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated

duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the U.S. International Trade Commission (ITC) of the final affirmative determination of countervailable subsidies. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of certain plastic ribbon from China no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated, and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a CVD order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

Notification Regarding Administrative Protective Orders

This notice will serve as a reminder to the parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

Notification to Interested Parties

This determination is issued and published in accordance with sections 705(d) and 777(i)(1) of the Act and 19 CFR 351.210(c).

/S/ Gary Taverman

Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

March 25, 2019

Date

Appendix I

Scope of the Investigation

The merchandise subject to the investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 22.5 inches and 24.5 inches are generally for Class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses, and are the current standard wheel diameters for such applications. The standard widths of certain on-the-road steel wheels are 7.5 inches, 8.25 inches, and 9.0 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope. While 22.5 inches and 24.5 inches are standard wheel sizes used by Class 6, 7, and 8 commercial vehicles, the scope covers sizes that may be adopted in the future for Class 6, 7, and 8 commercial vehicles.

The scope includes certain on-the-road steel wheels with either a “hub-piloted” or “stud-piloted” mounting configuration, and includes rims and discs for such wheels, whether imported as an assembly or separately. The scope includes certain on-the-road steel wheels, discs, and rims, of carbon and/or alloy steel composition, whether clad or not clad, whether finished or not finished, and whether coated or uncoated. All on-the-road wheels sold in the United States are subject to the requirements of the National Highway Traffic Safety Administration and bear markings, such as the “DOT” symbol, indicating compliance with applicable motor vehicle standards. *See* 49 C.F.R. § 571.120. The scope includes certain on-the-road steel wheels imported with or without the required markings. Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached are included. However, if the certain on-the-road steel wheel is imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached, the certain on-the-road steel wheel is covered by the scope, but the tire and/or valve stem is not covered by the scope.

The scope includes rims and discs that have been further processed in a third country, including, but not limited to, the welding and painting of rims and discs from China to form a steel wheel, or any other processing that would not otherwise remove the merchandise from the scope of the proceeding if performed in China.

Excluded from the scope are:

- 1) steel wheels for tube-type tires that require a removable side ring;
- 2) aluminum wheels;
- 3) wheels where steel represents less than fifty percent of the product by weight; and
- 4) steel wheels that do not meet National Highway Traffic Safety Administration requirements, other than the rim marking requirements found in 49 C.F.R. § 571.120S5.2.

Imports of the subject merchandise are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. Merchandise meeting the scope

description may also enter under the following HTSUS subheadings: 4011.20.1015, 4011.20.5020, and 8708.99.4850. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Scope of the Investigation
- V. Use of Facts Otherwise Available and Adverse Inferences
- VI. Affirmative Determination of Critical Circumstances, in Part
- VII. Discussion of the Issues
 - Comment 1: Whether to Clarify the Scope to Include Steel Wheels Processed in A Third Country Using Rims and Discs from China
 - Comment 2: Whether to Revise the Total AFA Rate Applied to Xiamen Sunrise and Zhejiang Jingu
 - Comment 3: Calculation of the “All-Others” Rate
 - Comment 4: Whether Critical Circumstances Exist.
- VIII. Recommendation

Appendix I

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